

Message Text

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ACTION ARA-10

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E.O. 11652: N/A

TAGS: PINT PFOR CFED BF

SUBJ: 60 MINUTE PROGRAM ON THE BAHAMAS

1. AS BRIEFLY EXPLAINED TO ME BY BAHAMAS DESK OFFICER, THYDEN, I UNDERSTAND THAT DEPARTMENT'S JULY 29 MEETING ON THE ABOVE SUBJECT WITH JUSTICE, IRS, ET AL REACHED CONCLUSION THAT I SHOULD BE AUTHORIZED TO INFORM GCOB OF PROJECTED 60 MINUTE PROGRAM AND, IN PARTICULAR, ITS PROBABLE REVELATION OF A FURTHER IRS "INFORMER" IN THE BAHAMAS. ASSUMING THIS IS WHERE MATTERS CAME OUT (WE HAVE NOT AS YET RECEIVED REPORTING CABLE), I THINK THIS MOVES VERY MUCH IN THE RIGHT DIRECTION. I SHOULD, HOWEVER, LIKE TO ADVANCE SEVERAL ADDITIONAL IDEAS.

2. FIRST AND FOREMOST, I HOPE DEPARTMENT WILL FIND IT POSSIBLE TO TALK WITH 60 MINUTE PRODUCER BARRY LANDO TO SEE IF WE CAN BETTER UNDERSTAND THE PROJECTED CONTENT OF THE PROGRAM. PRESUMABLY LANDO CAN BE MADE TO UNDERSTAND THAT OUR INTEREST IS IN NO WAY CONNECTED WITH AN ATTEMPT TO INFLUENCE CONTENT OF THE PROGRAM, BUT RATHER TO GAIN SUFFICIENT INSIGHT SO AS TO MINIMIZE ANY ADVERSE FOREIGN POLICY IMPLICATIONS. IT WOULD ALSO BE HELPFUL TO LEARN ESTIMATED TIME WHEN PROGRAM WILL BE BROADCAST. THESE TWO PIECES OF INFORMATION WILL BE HELPFUL IN DETERMINING

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WHAT I SAY AND WHEN I SAY IT.

3. IN ADDITION TO THE FOREGOING, HOWEVER, I THINK WE HAVE TO BE IN A POSITION TO GO SOMEWHAT FURTHER THAN SIMPLY INFORMING THE GOVERNMENT OF THE PROJECTED PROGRAM (A FACT WHICH IT ALMOST CERTAINLY WILL BE AWARE OF SINCE LANDO HAS ALREADY INTERVIEWED GOVERNMENTAL OFFICIALS). IN BRIEF, THE PROBLEM AS I VIEW IT IS THIS:

(A) GIVEN THE HISTORY OF OPERATIONS HAVEN AND TRADE-WINDS WHICH RESULTED IN EXCHANGE OF NOTES BETWEEN THE TWO GOVERNMENTS, THE ATTITUDE HERE REMAINS ONE OF DEEP SUSPICION CONCERNING U.S. ACTIONS. I THINK WE HAVE COME A LONG WAY TOWARD REASSURING GCOB, E.G. BY VIRTUE OF MY CHECKING ALL PROJECTED VISITS OF U.S. INVESTIGATORY OFFICIALS WITH ADDERLEY BEFORE HAND. AS DEPARTMENT IS AWARE, WE HAVE RECEIVED 100 PERCENT COOPERATION. HOWEVER, REVELATION OF CONTINUING CONTACTS IN THE BAHAMAS WHO ARE BEING PAID BY IRS, ESPECIALLY IF 60 MINUTES SENSATIONALIZES IT, IS BOUND TO CREATE ADVERSE REACTIONS.

(B) WE ALSO HAVE ELECTIONS UPCOMING AND THE GOVERNMENT CANNOT HELP BUT REACT VIGOROUSLY TO ANY APPARENT INFRINGEMENT ON ITS SOVEREIGNTY.

(C) WE HAVE SO FAR KEPT THE BASE NEGOTIATIONS ISOLATED FROM THE IRS, SEC, ETC., ISSUES AND EXPECT TO BE ABLE TO CONTINUE TO DO SO. OBVIOUSLY, HOWEVER, WHENEVER A NEW REVELATION HITS THE PRESS THIS IS FRONT-PAGE MATERIAL FOR SEVERAL DAYS DOWN HERE. ACCORDINGLY FURTHER REVELATIONS COULD MEAN DELAY IN GETTING BACK TOGETHER WITH THE GCOB AND AT THE WORST IT COULD EVENTUALLY ADVERSELY IMPACT ON THOSE NEGOTIATIONS.

(D) WHILE I UNDERSTAND FULL WELL THAT FROM A PURELY LEGAL POINT OF VIEW THE IRS CONTACT IN THE BAHAMAS MAY NOT HAVE BEEN INAPPROPRIATE THE PROBABILITY IS THAT THIS FINE DISTINCTION WILL BE LOST IN THE PRESS CLAMOR. MOREOVER, THE TRUTH OF THE MATTER IS THAT THE PERSON INVOLVED HAS BEEN HANDLING THE MATTER IN A SEMI-COVERT FASHION AND AS OF NOW HAS NOT AGREED TO PROPOSAL MADE BY JUSTICE TO PERMIT IDENTIFICATION IN ANY CONVERSATIONS WITH THE GOVERNMENT. THIS INDICATES CONCERN CONTACT HAS AS TO POSSIBLE REPERCUSSIONS. IT ALSO, INCIDENTALLY, RASISES A MOST AWKWARD POINT, TO PUT IT MILDLY, IF I AM FORECLOSED FROM REVEALING NAME, LIMITED OFFICIAL USE

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IF AND WHEN I DO GO TO GOVERNMENT TO FOREWARD OF 60 MINUTE PROGRAM.

(E) THE MATTER IS FURTHER EXACERBATED BY THE FACT THAT THE GCOB OFFER TO US TO ENTER INTO AN AGREEMENT UNDER WHICH WE COULD LEGITIMATELY RECEIVE INFORMATION WITHOUT, AS ADDERLEY PUT IT, "ALL THIS CLOAK AND DAGGER STUFF," REMAINS UNANSWERED. WE ARE THUS DOUBLY OPEN TO CRITICISM.

4. DESPITE ALL OF THE ABOVE, IF THE ISSUES AT STAKE WERE VITAL FROM THE POINT OF VIEW OF U.S. NATIONAL SECURITY WE MIGHT SIMPLY DECIDE TO TAKE OUR LUMPS. BUT THIS IS NOT THE CASE. AS IMPORTANT AS IT IS TO ROOT OUT TAX EVADERS WE PRESUMABLY WOULD NOT WISH TO DO SO IN A MANNER WHICH ENDANGERS OUR GOOD RELATIONS WITH THIS COUNTRY.

5. ACCORDINGLY, IT SEEMS TO ME THAT AT A MINIMUM WHEN I APPROACH THE GOVERNMENT TO TELL THEM ABOUT THE UPCOMING PROGRAM AND ITS LIKELY FOCUS ON OUR CONTINUED USE OF AN "INFORMER", I WOULD ALSO LIKE TO BE IN THE POSITION TO STATE THAT WHEN THIS MATTER CAME TO OUR ATTENTION I DIRECTED, DESPITE ITS BEING A PERFECTLY LEGITIMATE AND LEGAL CONTACT, THAT ALL FURTHER ASSOCIATION WITH SUCH CONTACT CEASE AT LEAST UNTIL THE U.S. AND THE GCOB HAD WORKED OUT THE GOVERNMENT-TO-GOVERNMENT AGREEMENT PREVIOUSLY PROPOSED BY ADDERLEY.

6. ON AUGUST 3, BERNARD BAILOR OF JUSTICE, ACCOMPANIED BY JAMES J. LANE, IRS, MIAMI, AND DORA A. SAHARUNI, JUSTICE, WASHINGTON, MET WITH ME. I SET FORTH MY IDEAS AS INDICATED ABOVE AND ALL THREE AGREED THAT THEY WOULD HAVE NO PROBLEM IN SUPPORTING THE POSITION AS DESCRIBED PARA 5 ABOVE. JUSTICE AND IRS ARE PREPARED TO CEASE FURTHER CONTACT WITH THEIR INFORMATION SOURCE UNTIL GIVEN GO-AHEAD.

7. BAILOR ALSO INDICATED HIS UNDERSTANDING OF THE NEED FOR US TO APPROACH THE GOVERNMENT TO BEGIN THE DIALOGUE ON THE CONTENT OF A GOVERNMENT-TO-GOVERNMENT AGREEMENT AS PROPOSED BY ADDERLEY. BAILOR HAS PROMISED TO SET FORTH IN A LETTER THE PRINCIPAL REQUIREMENTS AS SEEN BY JUSTICE AND IRS. I HAVE ASKED BAILOR TO ADDRESS THAT LETTER TO THE DEPARTMENT. AFTER ITS RECEIPT, WE CAN THEN DECIDE HOW BEST TO PROCEED.
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I AM ANXIOUS, HOWEVER, TO APPROACH ADDERLEY AS SOON AS POSSIBLE SINCE BAILOR ADVISES ME THAT THERE WILL CONTINUE TO BE A STEADY (INDEED AN INCREASING) STREAM OF ADDITIONAL REQUESTS FOR CONDUCTING INVESTIGATIONS IN THE BAHAMAS TO INCLUDE QUERYING OF NON-U.S. AS WELL AS U.S. CITIZENS, AND SEEKING ACCESS TO BANK RECORDS. I WOULD HOPE THAT WE CAN ACHIEVE AN OVERALL UNDERSTANDING WITH THE GCOB ON HOW WE PROCEED WITH SUCH MATTERS, BUT IN THE ABSENCE OF SUCH AN UNDERSTANDING, I WOULD AT LEAST LIKE TO PUT THE BALL BACK IN ADDERLEY'S COURT BY INDICATING OUR INTEREST IN WORKING OUT A GOVERNMENT-TO-GOVERNMENT ARRANGEMENT. IT THEN MAKES IT EASIER FOR ME TO CLEAR INDIVIDUAL REQUESTS ON AN AD HOC BASIS PENDING COMPLETION OF THE GOVERNMENT-TO-GOVERNMENT AGREEMENT.

8. WOULD APPRECIATE DEPARTMENT'S VIEWS ON ABOVE SOONEST.
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